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GENERAL

1. Comment on Western European estimates of defense expenditures:

The Western European countries recently submitted estimates of their defense expenditures (including US aid) for the current fiscal year to NATO's Temporary Council Committee, which is re-assessing their politico-economic capabilities. The following tabulation shows how these estimates compare with previous US estimates of what those expenditures should be:

ESTIMATED DEFENSE EXPENDITURES FOR 1951-1952
(in millions of dollars)

	<u>Previous US estimates of desirable levels</u>	<u>Country estimates of probable levels</u>	<u>Differences (percent)</u>
Belgium	375	400	+ 7
Denmark	120	102	- 15
France	3100	2340	- 25
Italy	1005	811	- 19
Netherlands	465	395	- 15
Norway	140	98	- 30
United Kingdom	4270	4000	- 6

American officials in Paris have warned that even after proper allowances are made for the different bases -- such as price levels -- used in calculating the figures above, the remaining discrepancies are so great that the various national estimates should not be considered merely as initial negotiating positions which can easily be brought up to levels desired by the US.

In view of their growing economic difficulties, the European countries involved will probably lose their earlier optimism and refuse to make substantially larger commitments to the defense effort than those now submitted. This, plus the publicized US intention not to increase economic or military aid to Europe in the current fiscal year, makes sizeable modifications in NATO plans most probable.

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5. Comment on reported Thai coup d'etat:

Fragmentary reports from Thailand on 29 November that the government had been overthrown indicate that Army Commander Phin has assumed de facto control of the government as the head of a nine-man military junta. This committee is said to have retained Premier Phibun as the head of an interim cabinet.

There have been a number of reports that a major change in the Thai Government would take place coincident with the return of the Thai King, who is presumably en route by ship from Singapore to Bangkok. The military leaders may have timed a bid for power prior to the King's arrival in the hope of gaining royal support for a government completely under their domination.

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Of significance is the absence of any mention of the powerful Police Director, General Phao. Until Phao's position can be determined, an accurate analysis of the new Thai political picture is impossible.

SOUTH ASIA

6. Indian Prime Minister effects changes in government of Nepal:

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[REDACTED] According to the Nepalese Ambassador in New Delhi, Prime Minister Nehru of India was instrumental in effecting the recent changes in the government of Nepal, which culminated in the ousting of the century-old, hereditary Rana regime and its replacement by a "popular" government. Nehru was also responsible for the appointment of the Nepal Congress Party leader as Prime Minister.

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Comment: India has been intimately [REDACTED] connected with political maneuvers in Nepal since the Indian-supported "democratic" revolution of January 1951. Much of this maneuvering has resulted in lessening the power of the Ranas and in strengthening Indian influence. India is increasingly concerned with the security of its northern frontiers adjacent to Tibet. It may be expected to continue its interest in Nepalese affairs, possibly to the point of obtaining outright control of their administration.

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NEAR EAST

7. Mossadeq victory anticipated in Iranian Parliamentary elections:

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[REDACTED]

The Iranian Prime Minister has announced that the coming elections will be "free" and that the government will not support any particular can-

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[REDACTED]

didate. Nevertheless, Mossadeq's National Front, through its sympathizers now established in the provincial governments, is in a position to control the electoral machinery. The Shah, who reportedly fears that Mossadeq will allow dissident elements to enter the next Parliament, has extended support to some of Mossadeq's opponents among the tribes.

Comment: Iranian tradition and electoral law make it impossible to hold free elections in the American sense of the word. The coming elections are unlikely to depart from the traditional pattern. Pressure from the army, the landowners and the British will influence the outcome, but all indications now point to a National Front victory. The Shah's fear that the Communists and their sympathizers may gain a foothold in Parliament is not unfounded, for the Tudeh Party is reportedly actively attempting to engineer the elections of its members, disguised as National Frontists, and Mossadeq's lenient attitude toward the Tudeh suggests that it may succeed.

8. Comment on the Syrian military coup d'etat:

The 29 November military coup d'etat in Damascus, an essentially internal affair, re-emphasizes the dominant position of the Syrian Army Chief of Staff, Colonial Shishakli, who for the past two years has maintained a behind-the-scenes control over governmental affairs. This sudden military action ends the day-old Populist-dominated cabinet of Maruf al-Dawalibi, and it has probably put an indefinite clamp on influential Populist Party leaders, who were attempting to eliminate military control of the country.

Shishakli is essentially an opportunist, intent on maintaining his own strong position in Syria. Since neutralism is strong in this country, he is not likely to direct Syria into a closer relationship with the West. Shishakli has been appreciative of French arms shipments, but annoyed over the lack of similar military supplies from America and Britain. While he has recently consulted with the Soviet Minister in Damascus, he is not believed to be sympathetic to the USSR. He is also opposed to a Syrian-Iraqi Union and has friendly relations with both Saudi Arabia and Egypt.

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This coup d'etat, the fourth in the last two and a half years, underscores the instability of Syria. Even though the military-controlled government may, in the short run, prevent Syria from embarking on an anti-Western foreign policy, the establishment of a dictatorship encourages further violence.

WESTERN EUROPE

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11. West Germans pressing for UN unity hearings:

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[REDACTED] Chancellor Adenauer is reported to be particularly disturbed by the latest East German unity election proposals. He is anxious that the Allied delegations at the Paris UN meeting support a resolution giving West Germany a hearing before the ad hoc committee on conditions for German unity. Adenauer declares that he will need maximum UN support to counteract these East German proposals and preserve the West German anti-Grotewohl front of the coalition and major opposition parties.

Comment: On 26 November the East German commission for all-German elections formally outlined the principles for the drafting of an election law. These principles acknowledged East German assent to some of the conditions which the West German Government declared must be met before all-German elections could be held.

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Adenauer's plea for a German hearing at the UN will not be very favorably received by all the Allied delegations, since some of them feel that this would complicate current German contractual and European defense negotiations.

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